

## COMPONENT UNIT TREATMENT

### **Background:**

Prior to the 9/21/01 release of the HUD Real Estate Assessment Center's (REAC) Financial Assessment Subsystem (FASS), a component unit which did not receive its own separate financial statement audit was not required to submit audited data.

### **The New Release:**

With the new release, all housing authorities, which are component units of a primary government, will be required to submit both audited and unaudited financial data. Housing authorities will be able to indicate that they are *a component unit that will not have a separate financial statement audit by checking the Component Unit (no separate financial statement audit) box* on the PHA Info screen. This box will appear for those housing authorities whose fiscal year ends on or after 9/30/01.

### **Reporting Requirements:**

The criteria for determining whether or not a Housing Authority is a component unit is outlined in Government Accounting Standards Board (GASB) Statement No. 14. If you are unsure about your housing authority's status please discuss this issue with your auditor. Reporting requirements for component units are similar to those for noncomponent unit Housing Authorities. The component unit will not, however, be required to submit all of the notes and findings attachments that a stand-alone entity is required to submit.

The reporting time frames remain unchanged. Housing authorities are required to submit unaudited data to REAC two months after a PHA's fiscal year end. Audited data must be submitted to REAC no later than 9 months after a PHA's fiscal year end.

### **Housing Authorities that are Departments of the Primary Government:**

Housing Authorities that are departments of the primary government have the same reporting requirements listed above. For HUD/REAC financial reporting purposes, these departments should be treated as blended component units. For more information on blended component unit reporting please refer to PHA GAAP Flyer #3, "Mixed-Finance and Joint Venture Accounting."

### **Component Units with Different Fiscal Year Ends:**

Component units that have a different fiscal year end from their primary government's should contact their FASS PHA financial analyst. The treatment of component units that have a different fiscal year end from their primary government is discussed in GASB Statement No. 14. These entities should contact their auditor, Assessment Manager or Financial Analyst if they have additional questions.

### **SAS 29 Audit Attestation:**

Further clarification on the treatment of component units will be provided in the updated version of "Guidelines on Reporting and Attestation Requirements of Uniform Financial Reporting Standards (UFRS)." The current version of this document is found at:

[http://www.hud.gov/offices/reac/products/fass/pha\\_doc.cfm](http://www.hud.gov/offices/reac/products/fass/pha_doc.cfm). The updated document will provide a reporting matrix and system screen shots of the auditor attestations for component units.